

HADDON, MORGAN & FOREMAN, P.C.
ATTORNEYS-AT-LAW

Harold A. Haddon
Lee D. Foreman
Norman R. Mueller
Saskia A. Jordan
Rachel A. Bellis
Ty Gee
Pamela Robillard Mackey

*Wayne/Mary Ann
note request for response by
Sept. 7. Thy
LMB*

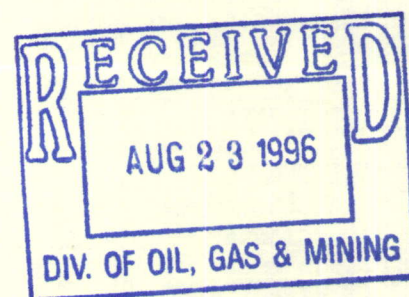
August 21, 1996

*cc W. Haddon
M. Wright
T. Mitchell
8/30/96
BN*

150 East Tenth Avenue
Denver, Colorado 80203
Telephone 303-831-7364
Telecopier 303-832-2628

Bryan Morgan, Of Counsel
Michael E. Tigar, Of Counsel
(Admitted in DC & NY,
not admitted in CO)

Mr. Lowell P. Braxton
Deputy Director-State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 W. North Temple #1210
Box 145-801
Salt Lake City, UT 84114-5801



Re: Drum Mine, M/027/007, Millard County, Utah

Dear Mr. Braxton:

Western States Minerals Corporation is in receipt of your letter dated August 9, 1996. That letter contains a directive to commence immediate reclamation of 41+ acres of land that is part of the Drum Mine site. We have also received James Carter's letter of August 16, 1996, which clarifies the intent and legal impact of the earlier letter.

As you know, Western States sold the entire Drum Mine to E.B. King, Jumbo Mining Company and ASOMA in 1988. Since that time, Western States has been involved in litigation with E.B. King and his companies concerning who has responsibility for the reclamation described in your letter. That litigation has resulted in judicial findings and a judgment that Jumbo and ASOMA are responsible for that reclamation, and not Western States. Western States has had no involvement with the mine site whatsoever in nearly a decade, and as a practical matter, lacks access to the property necessary to perform the reclamation mentioned in your letter. We believe you have served your Directive on the wrong party.

We request, therefore, that you look to Mr. King and his companies to perform the reclamation described in your letter. We have informed Mr. King in writing of your Directive; a copy of our letter to Mr. King is enclosed for your records. Mr. King has advised the Colorado court on various occasions of his intention to perform the reclamation of the Drum Mine described in your letter, in full compliance with directives of the Utah Division of Oil, Gas and Mining.

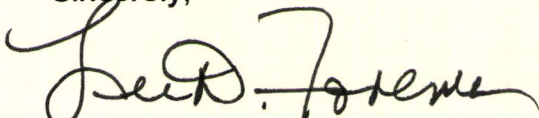
Mr. Lowell P. Braxton
August 21, 1996
Page 2

Please notify us immediately once Mr. King acknowledges responsibility to perform the reclamation of the Drum Mine site referenced in your letter. Should he begin immediate reclamation, the need for Western States to take additional steps at this time might well be unnecessary.

On the other hand, Mr. Carter's letter threatens agency action against Western States if a commitment to perform immediate reclamation is not forthcoming. Please inform us, no later than September 7, 1996, if Mr. King, Jumbo and ASOMA have failed to assume responsibility for the described reclamation, or have failed to commence the reclamation of the mine site as ordered in your directive of August 9, 1996.

Thank you very much for your attention to this matter.

Sincerely,



LEE D. FOREMAN

LDF:ls

Enclosure: Letter to E.B. King dated August 21, 1996